

Message Text

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70

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 AF-10 EA-11 EUR-25 NEA-10 RSC-01

AID-20 NSC-10 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01

CEA-02 OEP-01 COME-00 INT-08 GSA-01 CIAE-00 DODE-00

INR-10 NSAE-00 PA-03 USIA-12 PRS-01 L-03 RSR-01 /178 W
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R 082135 Z JUN 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 130

INFO AMEMBASSY LONDON

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E. O. 11652: N/ A

TAGS: EMIN, ECON, BL

SUBJ: TIN

SUMMARY: WILLIAMS HARVEY SMELTER WHICH TAKES ONE- HALF OF BOLIVIAN TIN REPORTEDLY SHUTTING DOWN. WILL BE DIFFICULT FIND ALTERNATIVE SMELTERS FOR THIS QUANTITY OF TIN. MINMINES LEMA ASKED AMBASSADOR FOR RECONSIDERATION GSA STOCKPILE SALES PROGRAM. END SUMMARY.

1. JAN STAHLIE, LOCAL MANAGER PHILIPP BROS., INFORMED ECONOFF JUNE 8 THAT FOLLOWING TELEX RECEIVED FROM THEIR LONDON OFFICE VIA NEW YORK OFFICE: " WILLIAMS HARVEY ANNOUNCED THIS MORNING' S LME SESSION THAT THEY GOING INTO VOLUNTARY LIQUIDATION. EXISTING COMMITMENTS TO BE FULLY MET". STAHLIE INTERPRETED LAST SENTENCE TELEX TO MEAN WILLIAMS HARVEY WOULD HONOR ALL PURCHASE COMMITMENTS WITH COMIBOL, VARIOUS MEDIUM MINERS AND PHILIPP BROS. THROUGH THE END OF THIS YEAR. ACCORDING STAHLIE, WILLIAMS HARVEY TOOK ABOUT 17,000 M. T. FINE TIN EQUIVALENT IN CONCENTRATES FROM ALL BOLIVIAN SOURCES IN 1972.

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2. LATER, ON JUNE 8, MINMINES LEMA TELEPHONED AMBASSADOR AND IN GREAT AGITATION STATED THAT WILLIAMS HARVEY HAD BEEN INTERVENED AND PROBABLY WOULD BE IMMEDIATELY CLOSED ALTHOUGH THERE WAS SOME CHANCE THAT CONTRACTS WOULD BE HONORED TO END OF THIS YEAR. SAID WILLIAMS HARVEY TAKES HALF OF BOLIVIA'S TIN OUTPUT AND THAT MILLIONS OF DOLLARS WORTH OF BOLIVIAN TIN ARE IN THE PIPELINE OR AT THE SMELTER. ADDED THAT THIS DEVELOPMENT DOUBLY ALARMING ON TOP OF ANNOUNCED STOCKPILE SALES BY GSA. ASKED WHETHER USG COULD RECONSIDER ITS STOCKPILE SALES PROGRAM OR SELL LESS THAN PLANNED. IN RESPONSE TO QUESTION, NOTED, HOWEVER, THAT LONDON PRICE ROSE 40 POUNDS STERLING ON NEWS. MINMINES SAID HE AND GENERAL MANAGER COMIBOL, GENERAL MIRANDA, WERE GOING IMMEDIATELY TO LONDON AT REQUEST WILLIAMS HARVEY TO SEE WHAT CAN BE SALVAGED. WOULD CONTINUE TO NEW YORK TO DISCUSS WITH GULF CHEMICAL AND METALLURGICAL CORPORATION POSSIBILITY THAT IT MIGHT TAKE MORE BOLIVIAN TIN AS COMPANY DID FOUR OR FIVE YEARS AGO WHEN WILLIAMS HARVEY WAS INSTALLING NEW SMELTERS. DEPENDING ON OUTCOME THESE DISCUSSIONS, LEMA SAID HE MIGHT CONTINUE TO WASHINGTON TO DISCUSS STOCKPILE DISPOSAL PROGRAM.

3. AMBASSADOR NOTED THAT WILLIAMS HARVEY PROBLEM MIGHT CONTINUE EXERT UPWARD PRESSURE ON PRICES, THEREBY OFFSETTING GSA SALES AND THAT IT WOULD BE BETTER TO DELAY ANY DISCUSSION OF CHANGE IN GSA PLANS UNTIL MARKET SITUATION BECAME CLEARER WHICH PRESUMABLY WOULD BE CASE AFTER LONDON AND NEW YORK VISIT.

4. LEMA INDICATED HE WOULD EITHER SIGNAL HIS DECISION TO CONTINUE TO WASHINGTON THROUGH THIS EMBASSY OR THROUGH BOLIVIAN EMBASSY IN WASHINGTON. IF HE DECIDES TO GO TO WASHINGTON, WE EARNESTLY HOPE HE WILL BE SYMPATHETICALLY RECEIVED AND GIVEN AN ADEQUATE HEARING.

5. COMMENT: MOST IMPORTANT POINT THAT UNCLEAR IS WHETHER WILLIAMS HARVEY CLOSING IMMEDIATELY OR WILL CONTINUE IN OPERATION UNTIL END OF YEAR. ACTION REQUESTED: APPRECIATE WHATEVER LIGHT AMEMBASSY LONDON CAN SHED ON TIMING OF WILLIAMS HARVEY SHUT-DOWN.

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6. OBVIOUSLY BOLIVIA HAS BEEN HIGHLY DEPENDENT ON WILLIAMS HARVEY SMELTER AND WILL BE UNDOUBTEDLY DIFFICULT FIND OTHER PLACEMENT FOR BOLIVIAN CONCENTRATES. PHILIPP BROS. APPARENTLY CAN FIND HOME FOR UP TO ABOUT 5,000 M. T. PER YEAR. WE UNDERSTAND THAT GULF CHEMICAL AND METALLURGICAL CORPORATION, OF TEXAS CITY, TEXAS, IS DESIROUS OF TAKING ADDITIONAL QUANTITIES FROM COMIBOL TO THE 4,000 M. T. PER YEAR THEY NOW

TAKING FROM COMIBOL. WE ALSO UNDERSTAND THAT SOME OTHER
ENGLISH SMELTERS HAVE INTEREST IN ACQUIRING SOME WILLIAMS
HARVEY SUPPLY, BUT HAVE NO IDEA OF QUANTITIES OR WHETHER
SOME OF THIS DEMAND MIGHT BE INCLUDED PHILIPP BROS. NEW
OFFER. A FURTHER POSSIBILITY MAY BE INCREASED BOLIVIAN TIN
SALES TO USSR IN VIEW CHINA'S UNWILLINGNESS MEET SOVIET
DEMAND. WILLIAMS HARVEY FAILURE ALSO MAKES VINTO SMELTER
EXPANSION LOOK BETTER THAN EVER FOLLOWING NEWS THAT GERMANS
WILL FINANCE WITH SOFT LOAN.
SIRACUSA

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